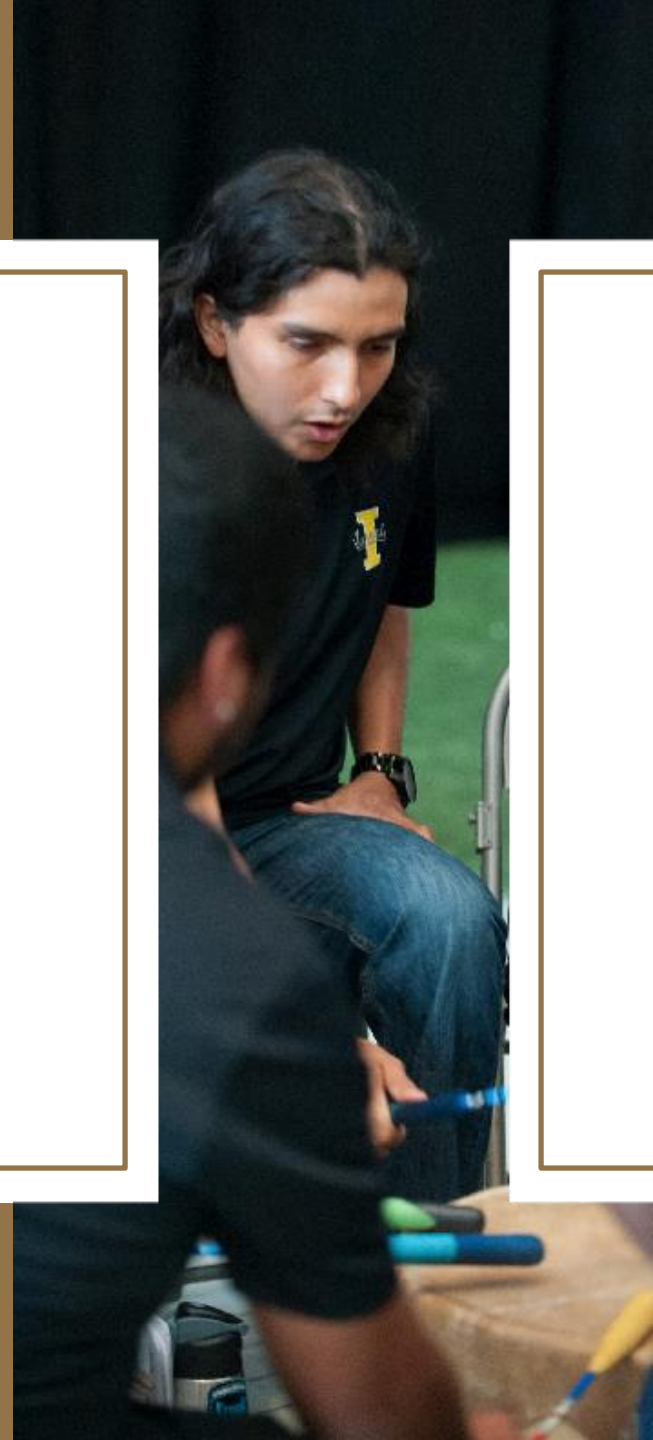


DEMONSTRATING *The VALUE of the* UNIVERSITY OF IDAHO

Analysis of the economic impact and
return on investment of education

FY
2013-14



STUDY COMPONENTS

ECONOMIC IMPACT

on state business
community

RETURN ON INVESTMENT

to students, taxpayers,
and society

ECONOMIC IMPACT ANALYSIS

Measures

impact of **OPERATIONS SPENDING**

impact of **RESEARCH SPENDING**

impact of **START-UP & SPIN-OFF COMPANIES**

impact of **STUDENT SPENDING**

impact of **VISITOR SPENDING**

impact of **ALUMNI**

ECONOMIC IMPACT ANALYSIS

Approach

- Calculate **initial sales** generated in state
- Derive sales created by **multiplier effects**
- Convert results to **income**

impact of **OPERATIONS SPENDING**

INITIAL EFFECT

Payroll of the
university

MULTIPLIER EFFECT

Income created by the
spending of the university
and its employees

\$200.5 million

impact of **RESEARCH SPENDING**

INITIAL EFFECT

Income created by spending of the university on research activities, including payroll

MULTIPLIER EFFECT

Income created by the spending of the university and its research employees

\$77.7 million

impact of **START-UP & SPIN-OFF COMPANIES**

INITIAL EFFECT

Payroll of UI's start-up
and spin-off companies

MULTIPLIER EFFECT

Income created by the
spending of the start-up and spin-off
companies and their employees

\$35.3 million

impact of **STUDENT SPENDING**

INITIAL EFFECT

Income created by the spending
of students that relocated to and
were retained in the state
because of UI

MULTIPLIER EFFECT

Income created by the
spending of businesses
patronized by students

\$31.2 million

impact of **VISITOR SPENDING**

INITIAL EFFECT

Income created by the
spending of visitors to UI

MULTIPLIER EFFECT

Income created by the
spending of businesses
patronized by visitors

\$5.1 million

impact of **ALUMNI**

INITIAL EFFECT

Higher wages of former
students + increased output
of businesses

MULTIPLIER EFFECT

Income created by the
spending of students
and businesses

\$782 million

ECONOMIC IMPACT ANALYSIS

Results

	ADDED INCOME IN STATE
Impact of operations spending	\$200.5 million
Impact of research spending	\$77.7 million
Impact of start-up/spin-off companies	\$35.3 million
Impact of student spending	\$31.2 million
Impact of visitor spending	\$5.1 million
Impact of alumni	\$782.0 million
Total impact	\$1.1 billion

INVESTMENT ANALYSIS

Measures

STUDENT perspective

TAXPAYER perspective

SOCIAL perspective

INVESTMENT ANALYSIS

Approach

- Calculate **benefits and costs** to stakeholders
- Derive the **future benefits stream**
- **Discount results** to current-year dollars
- Determine **net present value, benefit-cost ratio, and rate of return**

STUDENT perspective

Benefits = Greater job opportunities + higher lifetime income

Costs = Tuition and fees + books and supplies + forgone time and money

PRESENT VALUE OF BENEFITS

\$871.1 million

PRESENT VALUE OF COSTS

\$262.6 million

NET PRESENT VALUE (benefits minus costs)

\$608.6 million

BENEFIT-COST RATIO (benefits divided by costs)

3.3

RATE OF RETURN

14.0%

TAXPAYER perspective

Benefits = Added tax
revenues + reduced
demand for government
services

Costs = State and local
government funding

PRESENT VALUE OF BENEFITS

\$312.9 million

PRESENT VALUE OF COSTS

\$128.8 million

NET PRESENT VALUE (benefits minus costs)

\$184.2 million

BENEFIT-COST RATIO (benefits divided by costs)

2.4

RATE OF RETURN

8.2%

SOCIAL perspective

Benefits = Expanded economic base + savings related to improved health, reduced crime, and reduced unemployment

Costs = All university expenditures and all student expenditures and costs

PRESENT VALUE OF BENEFITS

\$2.5 billion

PRESENT VALUE OF COSTS

\$547.4 million

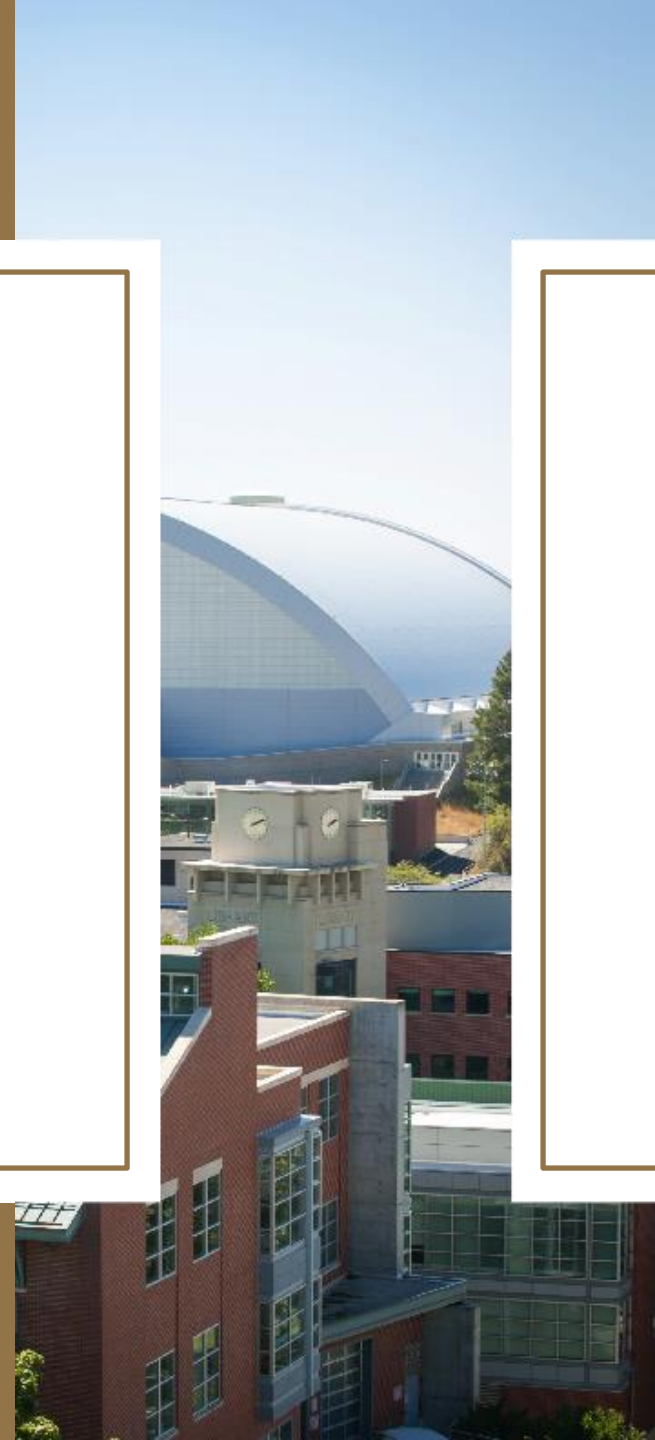
NET PRESENT VALUE (benefits minus costs)

\$2 billion

BENEFIT-COST RATIO (benefits divided by costs)

4.6

- Creates **new income** in the state
- Supports **local jobs**
- Sustains a **skilled workforce**
- Increases students' **lifetime income**
- Expands the state's **economic base**
- Improves **quality of life**



THE RESULTS OF THIS STUDY
WERE PREPARED BY

The logo for emsi, featuring the lowercase letters 'emsi' in a bold, rounded, green font. The letters have a slight gradient and a drop shadow effect. The 'i' has a small green dot above it.

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UNIVERSITY.